

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 NEA-10 IO-13 H-01 L-03 HA-05
PA-01 SP-02 ICA-11 AID-05 EB-08 NSC-05 SS-15
STR-07 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03
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FM AMEMBASSY MANILA
TO SECSTATE WASHDC 1428
INFO AMEMBASSY SEOUL

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USADB

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EO 11652:NA
TAGS: EAID, EFIN, SHUM, ADB
SUBJECT: ADVANCE INFORMATION ON ADB PROJECTS (FOR HUMAN
- RIGHTS CONSIDERATION)

IN ORDER TO PROVIDE WASHINGTON AS MUCH TIME AS POSSIBLE
TO CONSIDER HUMAN RIGHTS ASPECTS OF ADB PROJECTS, WE ARE
SUBMITTING THE FOLLOWING INFORMATION ON TWO KOREAN PRO-
JECTS TENTATIVELY SCHEDULED FOR CONSIDERATION BY THE
BOARD OF DIRECTORS IN OCTOBER:

1. MINERAL RESOURCES DEVELOPMENT PROJECT:

- A. THE PROPOSED PROJECT IS FOR THE EXPANSION OF THE
FACILITIES OF KOREA RESEARCH INSTITUTE OF GEOSCIENCE AND
MINERAL RESOURCES (KIGAM) AND THE STRENGTHENING OF ITS
INSTITUTIONAL STRUCTURE. IT COMPRISES THE FOLLOWING COM-
PONENTS:

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- (I) THE PROCUREMENT OF MACHINERY AND EQUIPMENT FOR
GEOLOGICAL AND GEOPHYSICAL SURVEYS AND MINERALOGICAL
STUDIES;
- (II) THE EXPANSION OF KIGAM'S EXISTING BUILDINGS
AND CONSTRUCTION OF NEW LABORATORY BUILDINGS TO ACCOMMO-

DATE KIGAM IN ITS EXPANDED FORM;

- (III) THE PROVISION OF CONSULTANTS TO ASSIST KIGAM IN IMPLEMENTING THE PROPOSED PROJECT AND KIGAM'S FIVE-YEAR MINERAL RESOURCES DEVELOPMENT PROGRAM (1977-1981); AND

- (IV) THE TRAINING OF TECHNICAL STAFF OF KIGAM.

- B. THE OBJECTIVE OF THE PROPOSED PROJECT IS TO ENABLE KIGAM TO CARRY OUT EFFECTIVELY A SURVEY PROGRAM FOR ESTABLISHING THE EXTENT OF MINERAL AND ENERGY RESOURCES IN KOREA, AND TO FORMULATE PLANS FOR THEIR DEVELOPMENT. TO ATTAIN THIS OBJECTIVE, KIGAM'S FACILITIES AND INSTITUTIONAL STRUCTURE HAVE TO BE STRENGTHENED TO ENABLE IT TO CARRY OUT EFFECTIVELY THE FOLLOWING TASKS:

- (I) ON-SHORE AND OFF-SHORE GEOLOGICAL SURVEYS AND MAPPING;

- (II) ON-SHORE AND OFF-SHORE GEOPHYSICAL SURVEYS;

- (III) EXPLORATION AND SURVEYS FOR MAPPING AND DEVELOPMENT OF FUEL AND NON-FUEL MINERAL RESOURCES; AND

- (IV) RESEARCH ON THE EXTRACTION AND PROCESSING OF LIMITED OFFICIAL USE

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MINERAL AND ENERGY RESOURCES.

- C. THE TOTAL COST OF THE PROJECT IS TENTATIVELY ESTIMATED AT 11 MILLION DOLLARS EQUIVALENT OF WHICH 8 MILLION DOLLARS IS IN FOREIGN EXCHANGE AND 3 MILLION IN LOCAL CURRENCY. THE PROPOSED BANK LOAN WOULD COVER THE FOREIGN EXCHANGE COMPONENT.

- D. WITH A COMPARATIVELY VERY SHORT DEVELOPMENT TIME IN SOUTH KOREA OF APPROXIMATELY ONLY TWO YEARS BETWEEN SURVEY/EXPLORATION ON ONE HAND AND BEGINNING OF PRODUCTION ON THE OTHER HAND, SUBSTANTIAL INCREASES IN EXPLORATORY ACTIVITIES ARE LIKELY TO LEAD TO SIGNIFICANT INCREASES IN MINERAL PRODUCTION. THUS THE PROPOSED PROJECT WOULD CONTRIBUTE TO IMPROVE SUBSTANTIALLY THE AVAILABILITY OF DOMESTICALLY PRODUCED MINERALS.

- E. SOCIO-ECONOMIC CONTRIBUTIONS FROM THIS PROJECT CAN BE EXPECTED IN TWO YEARS: IN TERMS OF SOCIAL INCOME DISTRIBUTION, THE PROJECT WILL LEAD TO MORE MINING ACTIVITIES AND HENCE MORE EMPLOYMENT THROUGH MINING. AS MINING IN KOREA IS ON THE AVERAGE MORE THAN TWICE AS LABOR-

INTENSIVE THAN MANUFACTURING, IT IS ESTIMATED, THAT THE PROJECT WILL HELP TO GENERATE BETWEEN 5,000 AND 7,000 NEW JOBS. MORE IMPORTANT IS THE REGIONAL INCOME DISTRIBUTION ASPECT: IN CONTRAST TO MANUFACTURING, MINING ACTIVITIES IN KOREA ARE HIGHLY DISPERSED. WHILE EMPLOYMENT-WISE 65 PERCENT OF ALL MANUFACTURING ACTIVITIES IS CONCENTRATED IN AND AROUND SEOUL AND PUSAN, ONLY 9 PERCENT OF MINING IS LOCATED IN THESE AREAS. IN TERMS OF EMPLOYMENT MORE THAN 80 PERCENT OF MINING IS DONE IN PROVINCES WITH A COMPARATIVELY LOW REGIONAL PER CAPITA INCOME. HENCE THE PROJECT WILL HELP TO IMPROVE REGIONAL INCOME DISTRIBUTION.

2. APPLIED RESEARCH INSTITUTES PROJECT:

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STR-07 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03
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- A. THE PROPOSED PROJECT ENVISIONS THE EXPANSION OF FACILITIES AND STRENGTHENING OF THE INSTITUTIONAL STRUCTURE OF THE FOLLOWING FIVE RESEARCH INSTITUTES:

- (I) KOREA STANDARDS RESEARCH INSTITUTE (KSRI);
 - (II) KOREA INSTITUTE OF MACHINERY AND METALS (KIMM);
 - (III) KOREA RESEARCH INSTITUTE OF SHIP (KRIS);
 - (IV) KOREA INSTITUTE OF ENERGY CONSERVATION (KIEC);
- AND
- (V) KOREA OCEAN RESEARCH AND DEVELOPMENT INSTITUTE

(KORDI).

- THESE INSTITUTES HAVE BEEN IDENTIFIED BY THE GOVERNMENT AUTHORITIES TO BE DESERVING OF PRIORITY FOR FINANCIAL ASSISTANCE. EACH INSTITUTE HAS A SPECIFIC ROLE IN THE OVERALL GOVERNMENT PROGRAM OF TECHNOLOGY DEVELOPMENT AND EACH ONE WOULD PURSUE RESEARCH AND DEVELOPMENT (R AND D) LIMITED OFFICIAL USE

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ACTIVITY IN ITS RESPECTIVE FIELD: KSRI WOULD BE RESPONSIBLE FOR THE IMPROVEMENT AND STRENGTHENING OF KOREA'S NATIONAL INDUSTRIAL AND MEASUREMENT STANDARDS SYSTEM; KIMM WOULD MAKE AVAILABLE OPERATIONALLY-ORIENTED R AND D SERVICES SPECIFICALLY FOR METAL AND MACHINERY INDUSTRIES; KRIS WOULD UNDERTAKE R AND D WORK AND PROVIDE TECHNOLOGICAL SUPPORT FOR THE KOREAN SHIPBUILDING INDUSTRY; KIEC WOULD UNDERTAKE R AND D WORK IN THE FIELD OF ENERGY CONSERVATION AND WOULD BE THE SOLE GOVERNMENT INSTITUTION MAINLY RESPONSIBLE FOR ENERGY CONSERVATION AND MANAGEMENT IN KOREA; AND KORDI WOULD CARRY OUT SCIENTIFIC AND TECHNOLOGICAL INVESTIGATION AND R AND D WORK RELATED TO THE OCEAN ENVIRONMENT.

- B. THE PROPOSED PROJECT INVOLVES PROVISION TO KSRI, KIMM, KRIS, KIEC AND KORDI OF THE FOLLOWING:

- (I) LABORATORY AND OFFICE BUILDINGS;
- (II) LABORATORY AND FIELD EQUIPMENT FOR TESTING R AND D WORK;
- (III) LIBRARY FACILITIES;
- (IV) CONSULTANT SERVICES;
- (V) TRAINING OF INSTITUTES STAFF WITHIN THE COUNTRY AND ABROAD; AND
- (VI) DORMITORIES, HOUSING AND OTHER FACILITIES FOR INSTITUTES PERSONNEL.

- C. TOTAL COST OF THE PROJECT IS ESTIMATED AT 93.1 LIMITED OFFICIAL USE

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MILLION DOLLARS, OF WHICH 33.86 MILLION DOLLARS EQUIVALENT IS IN FOREIGN EXCHANGE AND 59.3 MILLION EQUIVALENT IS IN

LOCAL CURRENCY. THE PROPOSED BANK LOAN WOULD FINANCE 33.0 MILLION DOLLARS IN FOREIGN EXCHANGE COST AND UNDP IS EXPECTED TO PROVIDE 860,000 DOLLARS IN FOREIGN EXCHANGE TO MEET THE COST OF CONSULTING SERVICES AND PART OF STAFF TRAINING FOR THE KIEC PORTION OF THE PROJECT.

- D. THE SCOPE OF BENEFICIARIES OF THE PROJECT IS RATHER BROAD AS SHOWN IN TERMS OF GNP AND EXPORT FIGURES IN TABLE I BELOW:

- TABLE I: SCOPE OF INFLUENCE OF THE INSTITUTIONS
- (AT CONSTANT 1975 PRICE BASIS)

- SHARES IN GNP
- (PERCENT)

- 1975 1981

MANUFACTURING INDUSTRY	28.4	39.7
HEAVY AND CHEMICAL		
INDUSTRY (KSRI)	12.0 (42.4)	19.7 (49.5)
BASIC METAL INDUSTRY		
(KIMM)	0.7 (2.6)	1.5 (3.7)
MACHINERY (KIMM)	4.2 (14.8)	9.6 (24.2)
SHIPBUILDING (KRIS)	0.4 (1.3)	0.7 (1.7)

NOTE: NUMBERS WITHIN PARENTHESIS SHOW SHARES IN THE MANUFACTURING INDUSTRY.

- SHARES IN THE TOTAL COMMODITY EXPORTS
- (PERCENT)

- 1975 1981

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MANUFACTURED GOODS 84.9 92.0

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HEAVY AND CHEMICAL PRODUCTS

(KSRI)	29.4	46.0
METALS (KIMM)	7.2	7.3
MACHINERY (KIMM)	16.4	30.1
SHIPS (KRIS)	2.7	6.4

- SHARES IN THE TOTAL COMMODITY IMPORTS
 - (PERCENT)

- 1975 1981

CRUDE OIL (KIEC) 17.5 PERCENT 16.9
 - (US\$1,271M) (2,523)

SOURCE: THE FOURTH FIVE-YEAR ECONOMIC DEVELOPMENT PLAN.

- E. THE EFFECTS OF THE PROJECT ON EMPLOYMENT IS SHOWN
 IN TABLE II:

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- TABLE II: EMPLOYMENT DATA

-	1975	1981
-	NO. COMPO-	NO. COMPO-
-	('000) SITION	('000) SITION

TOTAL IN THE

COUNTRY	11,830	100.0	14,765	100.0
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MANUFACTURING

SECTOR	2,202	18.6	3,467	23.5
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HEAVY AND CHEMICAL

INDUSTRY	783	6.6	1,380	9.3
BASIC METAL				
INDUSTRY	53	0.4	75	0.5
MACHINERY	255	2.2	537	3.6
SHIPBUILDING	25	0.2	36	0.2

- F. THE PROJECT IS ALSO ENVISAGED TO CONTRIBUTE TO THE INCREASE IN INCOME IN KOREA. ONE INDICATION OF THAT INCREASE CAN BE OBTAINED FROM THE FOURTH FIVE-YEAR ECONOMIC DEVELOPMENT PLAN (1977-78) AS SHOWN IN TABLE III BELOW:

- TABLE III: PER CAPITA GNP

	GROWTH		
	1977	1981	RATES
AT MARKET PRICES	847	1,512	15.6 PERCENT
AT 1975 CONSTANT PRICES	650	860	7.3 PERCENT

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Message Attributes

Automatic Decaptioning: X
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Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
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Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1469616
Secure: OPEN
Status: NATIVE
Subject: ADVANCE INFORMATION ON ADB PROJECTS (FOR HUMAN - RIGHTS CONSIDERATION) IN ORDER TO PROVIDE WASHINGTON AS MUCH TIME AS POS
TAGS: EAID, EFIN, SHUM, XC, ADB
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/2bd95b52-c288-dd11-92da-001cc4696bcc
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